

**SME Development Fund (SDF)/
Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)
(Organisation Support Programme) (OSP)**

Final Report on Approved Project

Project ref. no. : D14 003 006
Project title : A Smart Toolkit to Facilitate SMEs in the Hong Kong
Apparel and Footwear Industry to Adopt the Higg
Index to Enhance Competitiveness and Sustainability
Period covered : From 01/04/2015 to 31/03/2016
(dd/mm/yy) (dd/mm/yy)

1. Project Details

(Please mark with "*" if any of the following project details is different from that in the project proposal appended to the project agreement.)

Project Summary (in about 150 words)

In early 2012, the **Sustainable Apparel Coalition (SAC)**, a trade association with over 100 members and representing more than a third of the global textiles, apparel and footwear industry, released the **Higg Index** with the aim to reduce sustainability measurement redundancy and create a common means to benchmark the sustainability performance within the industry. The latest version of Higg Index 2.0 is currently a unified self-assessment tool that does not require verification, in order to improve the quality and quantity of the input data, SAC is planning to roll out a mandatory Higg Index verification mechanism. It has been adopted globally by over 20 large apparel companies and retailers, for examples, VF (comprises of 20 brands), Nike, Adidas, Gap, H&M, Levi Strauss, Patagonia, REI, Macy's etc. have signed agreements with SAC to use the Higg Index in critically examining the sustainability performance of their supply chain and rolled out the Higg Index to over 2,500 suppliers globally.

Despite this prominent global trend, most Hong Kong textiles, apparel and footwear companies, particularly SMEs, are still not cognizant of the value of the Higg Index, and they are falling short in adopting the Higg Index. It is estimated that there are currently about 5% of Higg Index adopters within the local industry.

Higg Index is now an important requirement for international buyers to select their suppliers, SMEs that have not adopted the Higg Index will be excluded from the buyers' supplier list, this will result in serious loss in business and market share, as well as damage to company image and reputation.

However, many local SMEs are still hesitating and have a "wait-and-see" attitude about adopting the Higg Index because:

- i) SMEs generally have difficulty to understand and respond to the Higg Index
- ii) SMEs usually have difficulty in attaining a high score in the Higg Index assessment without technical support

Solutions Offered:

Sustainable Fashion Business Consortium (SFBC) in association with the Clothing Industry Training Authority (CITA) and Hong Kong Productivity Council (HKPC), propose to launch a 12-month project. The project aims to gear the companies towards better understanding and for attaining a higher score of the Higg Index by:

- i) **Building up SMEs' Higg Index knowledge so that they can confidently understand, accurately interpret and respond to the Higg Index requirements**
- ii) **Helping SMEs attain a higher score in the Higg Index through provision of technical solutions and advices**

The scope of the Project includes:

Development of the Smart Toolkit for Higg Index Assessment (Facility Module)

- Market research (e.g. literature research, interviews, company visits, etc.) to understand and identify obstacles that hinder SMEs from understanding and adopting the Higg Index, and to identify improvement measures and industry best practice for SMEs to benchmark and improve their sustainability performance.
- A web-based Smart Toolkit for Higg Index Assessment will be developed

Promotion and Recognition

- 2 seminars (each accommodating about 100-150 participants)
 - A total of 6 workshops (each accommodating about 40-50 participants)
 - 2 promotional videos
 - A 12-month helpdesk
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Project Objective(s) (in about 80 words)

The overall objective of this Programme is to assist SMEs in the apparel and footwear industry to improve sustainability management through the adoption of the Higg Index, and thereby lead them in success to maintain business opportunities with international brands and buyers.

Specific objectives of this Programme include helping the industry to:

- Build up SMEs' Higg Index knowledge so that they can confidently understand, accurately interpret and respond to the Higg Index requirements
- Help SMEs attain a higher score in the Higg Index through provision of technical solutions and advices

Grantee/Collaborating Organisation/Implementation Agent

Grantee	:	<u>Sustainable Fashion Business Consortium Limited</u>
		Textile Council of Hong Kong Limited The Hongkong Cotton Spinners Association The Hong Kong General Chamber of Textiles Limited Knitwear Innovation and Design Society Limited Hong Kong Association of Textile Bleachers, Dyers, Printers and Finishers Limited Hong Kong Intimate Apparel Industries' Association Limited Hong Kong Institution of Textile and Apparel Limited Federation of Hong Kong Industries
Collaborating Organisation(s)	:	<u>Hong Kong Footwear Professionals Association</u>
Implementation Agent(s)	:	- Clothing Industry Training Authority - <u>Hong Kong Productivity Council</u>

Key Personnel

	<u>Name</u>	<u>Company/Organisation</u>	<u>Tel No. & Fax No.</u>
Project Co-ordinator	Mr. Anderson Lee	Sustainable Fashion Business Consortium	852-22636392 852-27950452
Deputy Project Co-ordinator	Ms Man Lau	Sustainable Fashion Business Consortium	852-22636392 852-27950452

Project Period

	<u>Commencement Date</u> (day/month/year)	<u>Completion Date</u> (day/month/year)	<u>Project Duration</u> (No. of months)
As stated in project agreement	<u>01/04/2015</u>	<u>31/03/2016</u>	12
Revised (if applicable)	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>

2. Summary of Project Results

Project Deliverables

(Please list out the project deliverables as stated in the project proposal appended to the project agreement and provide details related to the actual result achieved for each of them.)

	Project deliverable	Quantifiable target number (e.g. 100 participants)	Actual result achieved (e.g. 90 participants)	Reasons for not achieving the target, if applicable (e.g. The total number of registered participants was over 120. However, some of them did not show up eventually. Will strengthen promotion and try to make up for the shortfall in the following two seminars.)
a)	Web-based Smart Toolkit for Higg Index Assessment (http://higgweb.sfbc.org.hk/)	Total 2000 users	No. of hit rate: 11,438 (No. of accounts registered: 317) *Remarks: Users can share the same account for their e-learning and each account can create more than 1 assessment.	N/A
b)	2 Seminars	200-300 participants for 2 seminars in total	Total number of enrolment: 319 Seminar 1: 154 Seminar 2: 137 Total number of participants: 177 Seminar 1: 117 Seminar 2: 60* *Remark (1): In Seminar 2, there was incomplete registration records (48) compared with our head count (at least 60). (<i>Please refer to the photo in Appendix II for evidence</i>). It is due to that fact that some participants did not register and enter the seminar hall directly.	We have experienced unexpected low attendance rate (43.8%) in Seminar 2. In order to promote the importance of adopting Higg Index to enhance market competitiveness, the project team has organised an additional seminar, with the project team's own manpower and resources, at OUHK to introduce Higg Index and the Smart Toolkit to the participants. Total number of participants of the additional seminar: 28 Total number of participants including the additional seminar: 205 (target met)
c)	6 Workshops	240-300 participants for 6 workshops in total	Total number of enrolment: 245 Workshop 1: 55 Workshop 2: 38 Workshop 3: 33 Workshop 4: 43 Workshop 5: 40 Workshop 6: 36 Total number of participants:	Due to unexpected low attendance rate, the project team has organised two additional workshops, with the project team's own manpower and resources, to catch up the target of the project. Number of enrolment of two

			149 Workshop 1: 32 Workshop 2: 24 Workshop 3: 17 Workshop 4: 29 Workshop 5: 20 Workshop 6: 27	additional workshops: Workshop 119 Number of participants of two additional workshops: 97 Number of participants including both original and additional workshops: 246 (target met)
d)	Promotional Videos	2 videos	5-minutes and 1-minute videos were produced and uploaded on the Project Website.	N/A
e)	Helpdesk	12 months	Helpdesk services started from 01/04/2015 – 31/03/2016 24 enquiries were answered.	N/A

2.2 Details of the deliverables (e.g. date, duration, venue, speaker, topic discussed, etc.) (Please list out in table format if necessary.)

1. Smart Toolkit for Higg Index Assessment
A Smart Toolkit is developed and it is available at <http://higgweb.sfb.org.hk/> with three language version (i.e. Traditional Chinese, Simplified Chinese and English) for e-learning.
This Tool provided the following functions:
 - a. Higg Index Advisory Tool to help SMEs understand and interpret the questions accurately, including:
 - Step-by-step Guidance;
 - Advisory Solution;
 - Performance Modelling;
 - Sustainability Management Action Plan; and
 - Standardized Report;
 - b. Additional Resources to strengthen the step-by-step guidance and the improvement measures according to the latest information related to the tool.
2. Project Steering Committee (PSC)
PSC was formed to provide industry advice and views to enhance the Smart Toolkit development. The Committee comprised five members from trade associations and representative organizations as listed below:
 - Chairman:
Dr. Delman Lee (TAL Apparel Limited)
 - Members: (in alphabetical order)
Mr Anderson Lee (Sustainable Fashion Business Consortium)
Mr Barry Tang
Ms Karen Ho (WWF Hong Kong)
Ms Tilky Tang (Crystal Group)

Date of Meeting	Venue	Issues Discussed
21/05/2015	Broad Room, Clothing Industry Training Authority	1. Selection of Committee Chairman; and 2. The development of Smart Toolkit
14/08/2015	Broad Room, Clothing Industry Training Authority	1. Smart Toolkit Development; and 2. Seminar and workshops.
04/01/2016	Broad Room, Clothing Industry Training Authority	1. Demonstration of the Smart Toolkit and Video; and 2. Promotional strategies.

Minutes are enclosed in the *Appendix IV*.

One more PSC Meeting was organised after the project period (date: 31/05/2016) to evaluate the project effectiveness and discuss the future plan for project deliverables.

3. Seminars and Workshops

Project deliverable	Date	Venue	Speaker	Topic Discussed/Presented
Seminar 1	25/09/2015	Lecture Hall, Clothing Industry Training Authority	<ol style="list-style-type: none"> Prof. Philip Yeung, Asia-Pacific Secretariat Office of Sustainable Apparel Coalition; Dr. Delman Lee, Vice Chairmain of Sustainable Fashion Business Consortium (SFBC); Ms. Kit Li, Project Manager of Clothing Industry Training Authority; Mr. Barry Tang, Vice President of Vendor Compliance & Sustainability of Li & Fung (Trading) Limited; and Ms. Tilky Wang, Manager of Corporate Quality & Sustainability Dept. of Crystal Group 	<ol style="list-style-type: none"> Welcome speech; Promote the Use of Sustainable Practices in the Textiles, Apparel and Footwear Industry; Introduction to the New Online Toolkit for Higg Index Assessment; Use of Higg Index to improve the Supply Chain's Sustainability; and Experience on meeting Higg Index's requirements
Seminar 2	19/01/2016	Seminar Room, Hall 1A, Hong Kong Convention and Exhibition Centre	<ol style="list-style-type: none"> Hon Felix Chung, Member of Legislative Council of HKSAR (Textiles and Garment Sector); and Ms. Kit Li, Project Manager of Clothing Industry Training Authority 	<ol style="list-style-type: none"> Welcome speech; Introduction of Smart Toolkit and sharing on industry best practice in adopting the Higg Index for competitiveness and Sustainability
Additional Seminar 1	08/05/2016	Room D0718, Jubilee College, Open University, Ho Man Tin	<ol style="list-style-type: none"> Mr. Patrick Ho Consultant of Hong Kong Productivity Council 	<ol style="list-style-type: none"> Higg Index- A Self-assessment Tool towards Sustainable Fashion
Workshop 1	28/10/2015	Lecture Hall, 1/F, Clothing Industry Training Authority	<ol style="list-style-type: none"> Mr. Perry Chan Associate Consultant of Hong Kong Productivity Council 	<ol style="list-style-type: none"> Introduction of Higg Index; Demonstration of the Higg Index Online Toolkit; Trial session on the Environmental Module
Workshop 2	11/11/2015	Lecture Hall, 1/F, Clothing Industry Training Authority	<ol style="list-style-type: none"> Mr. Perry Chan, Associate Consultant of Hong Kong Productivity Council 	<ol style="list-style-type: none"> Introduction of Higg Index; Demonstration of the Higg Index Online Toolkit; Trial session on the Environmental Module

Workshop 3	11/12/2015	2/F Exhibition Hall, Clothing Industry Training Authority	1. Mr. Perry Chan , Associate Consultant of Hong Kong Productivity Council	1. Introduction of Higg Index; 2. Demonstration of the Higg Index Online Toolkit; 3. Trial session on the Environmental Module
Workshop 4	04/03/2016	Seminar Room, Clothing Industry Training Authority	1. Mr. Perry Chan , Associate Consultant of Hong Kong Productivity Council; and 2. Ms Hanna Hallin Sustainability Manager, Greater China of H&M Hennes & Mauritz Ltd.	1. Introduction of Higg Index requirements and Trend of sustainable development of Apparel Industry; 2. Introduction and Demonstration of the Higg Index Online Toolkit; 3. Hand on experience in generating Higg report and action plan; 4. Ways to make fashion sustainable and sustainability fashionable
Workshop 5	24/03/2016	Seminar Room, Clothing Industry Training Authority	1. Mr. Perry Chan Associate Consultant of Hong Kong Productivity Council; and 2. Ms. Vicky Zhang Project Manager of Hanbo Enterprises Ltd	1. Introduction of Higg Index requirements and Trend of sustainable development of Apparel Industry; 2. Introduction and Demonstration of the Higg Index Online Toolkit; and 3. Hanbo building partnership to drive sustainable outcome
Workshop 6	30/03/2016	Seminar Room, Clothing Industry Training Authority	1. Mr. Perry Chan Associate Consultant of Hong Kong Productivity Council; and 2. Ms. Kit Li Asia-Pacific Secretariat Office of Sustainable Apparel Coalition	1. Introduction of Higg Index requirements and Trend of sustainable development of Apparel Industry; 2. Introduction and Demonstration of the Higg Index Online Toolkit; 3. SAC FEM 2.0 Verification updates
Additional Workshop 1	30/10/2015	Training Room, 8/F, Hualian Mansion, 2008 Shennan Middle Road, Futian, Shenzhen, Guangdong, China	1. Ms Kit Li Project Manager, of Clothing Industry Training Authority	1. Introduction of Higg Index requirements and Trend of sustainable development of Apparel Industry; 2. Introduction and Demonstration of the Higg Index Online Toolkit;
Additional Workshop 2 (2 sessions)	08/03/2016	Training Room, Annex Building, Jiafu Square, No.5, Guihua Road, Futian Free Trade Zone, Shenzhen	1. Mr. Patrick Ho , Consultant of Hong Kong Productivity Council; and 2. Mr. Charles Qiu Compliance Manager,	1. Trend of sustainable development of Apparel Industry; 2. Li& Fung's; Involvement in Higg Index Adoption; and 3. Introduction and

			Li & Fung Trading Service (Shenzhen) Ltd.	Demonstration of the Higg Index Online Toolkit
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Milestones (in chronological order)

(# Please indicate if the milestone is completed (C), deferred (D) or not achieved (N). If it is deferred, please indicate the revised completion date. For those milestones which are deferred or not achieved, please also provide the reasons under item 2.4.)

	<u>Milestone</u> (as set out in the approved project proposal appended to the project agreement)	<u>Original target completion date</u>	<u>Revised completion date</u> (if applicable)	<u>Status</u> (C/D/N) #
(a)	Task 1 Research and Preparation	30/06/2015	N/A	C
(b)	Task 2 Development of the Smart Toolkit for Higg Index Assessment	30/09/2015	30/9/2015	C
(c)	Task 3 Organizing 2 Seminars	30/09/2015	25/09/2015	C
		29/02/2016	19/01/2016	
(d)	Task 4 Organizing 6 Workshops	29/02/2016	30/03/2016	C
(e)	Task 5 Producing 2 Promotional Videos	29/02/2016	N/A	C
(f)	Task 6 Providing Helpdesk Service (12 months)	31/03/2016	N/A	C

Future Plan for Promoting the Project Deliverables (Nil if not applicable)

The Higg Index Smart Toolkit platform will be hosted by SFBC for at least two years. Moreover, we will continue to promote to different suppliers and brands through our SFBC events.

As the SAC will launch the Higg Index verification in few years, many brands / suppliers are committed to adopt the Higg Index and require their suppliers / manufacturers to adopt Higg Index with the second parties or third parties verification, the project team believes this tool will be an essential tool for Hong Kong SMEs to understand and learn to response to Higg Index Assessment.

Training materials were uploaded on the project websites for widespread experience sharing.
